

Message Text

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11

ACTION EUR-12

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TO SECSTATE WASHDC 0295

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UNCLAS BONN 08296

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: BUNDESBANK REDUCES REDISCOUNT AND LOMBARD
RATES AND EASES MINIMUM RESERVE REQUIREMENTS

THE FOLLOWING MEASURES WERE ANNOUNCED AT TODAY'S MEETING
OF THE CENTRAL BANK COUNCIL OF THE BUNDESBANK, ATTENDED
BY ECONOMICS MINISTER FRIDERICH'S AND STATE SECRETARY
SCHLECHT:

(1) A REDUCTION, EFFECTIVE MAY 23, IN BOTH THE
REDISCOUNT AND THE LOMBARD RATES BY 1/2 PERCENT TO
4 1/2 PERCENT AND 5 1/2 PERCENT, RESPECTIVELY;

(2) A 5 PERCENT REDUCTION, EFFECTIVE JUNE 1, IN
MINIMUM RESERVE REQUIREMENTS FOR COMMERCIAL BANK
DOMESTIC LIABILITIES. THIS RELEASES RESERVES OF
DM 2.2 BILLION;

(3) AN INCREASE IN THE BUNDESBANK PURCHASE CEILING
OF "PRIVATDISKONTEN" FROM DM 1.1 BILLION TO DM 1.5
BILLION. ("PRIVATDISKONTEN" ARE DRAFTS DRAWN BY PRIME
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NAME EXPORTERS OR IMPORTERS AND ACCEPTED BY THE GROUP

OF BANKS FORMING THE PRIVATDISKONT AG. PRIVATDISKONTEN
PROVIDE FOR THE FINANCING OF EXPORTS AND IMPORTS. THE
BUNDESBANK FACILITY, HOWEVER, IS AVAILABLE ONLY FOR
THE LAST 90 DAYS OF DRAFTS WITH AN ORIGINAL MATURITY
OF NO MORE THAN 180 DAYS.
HILLENBRAND

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Message Attributes

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